

THE NSP SUBSTANTIAL AMENDMENT

Jurisdiction(s): State of Utah (<i>identify lead entity in case of joint agreements</i>) Jurisdiction Web Address: www.housing.utah.gov (<i>URL where NSP Substantial Amendment materials are posted</i>)	NSP Contact Person: Keith Heaton Address: 324 S. St., SLC, Ut. 84111 Telephone: (801) 538-8732 Fax: (801) 538-8888 Email: kheaton@utah.gov
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A. AREAS OF GREATEST NEED

The Utah Division of Housing and Community Development (HCD), a division of the Utah Department of Community and Culture, administers eleven community-targeted programs and the four HUD programs (ESG, HOWPA, HOME, and CDBG) per the Utah Consolidated Plan. The overall annual division budget is \$177,989,900.

Utah Foreclosures

Utah communities are beginning to feel the impact of the national foreclosure and mortgage crisis. The total number of home foreclosures by 2008 was 1.02 percent of total mortgage loans while the national rate was 2.46 percent. Typically, Utah's rate lags the national rate and could increase to 3.0 percent by 2009. There is no compelling evidence from either historical trends nor local market conditions that Utah will be able to avoid foreclosure rates that approach at least the national rate.¹ The foreclosure problem is particularly pronounced in Salt Lake County, followed by Weber, Washington, Davis and Utah counties.

Defaults and foreclosures are increasing as the overall Utah economy and housing market weakens. Utah's economy has created fewer new jobs in 2008 with job growth down to .04 percent in 2008.² Home sales are down in most areas.³ Moreover, it is often difficult for homeowners who are experiencing employment and financial difficulties to sell their homes at a price high enough to cover mortgage obligations. The increase in defaults and foreclosures is also a function of predatory lending practices, variable rate mortgages, and compounding effects of individual household's consumer debt. The estimated number of for subprime loans in Utah is 50,000 with 75 percent resetting in 2008 and 2009.⁴

The low number of potential buyers who can afford or qualify for home mortgages, and the high number of households losing their homes, has created pressure on the overall

¹ Wood, James, "Utah Foreclosures Likely to Set Record in 2009," Bureau of Economic and Business Research, University of Utah, August 2008.

² *Ibid*, page 2.

³ *Deseret News*, October 29, 2008, page 1 reports a study by Kendall Oliphant, senior vice president of Thredgold Economic Associates. According to that study, the credit crunch has had a profound impact on the sale of single-family home and condominiums in the five most heavily populated Utah counties with decreases in median sale prices in 65 of 81 ZIP codes.

⁴ Wood, James, page 2.

rental market. In the past year, Class A, B, and C rental units experienced a 9.3 percent increase in rents in Salt Lake County compared with the 15-year average of 6.1 percent. Statewide, rents increased between 4.0 and 9.0 percent. Utah is also experiencing low vacancy rates in rental housing stock with counties statewide reporting between 4.9 and 7.0 percent vacancies. Salt Lake County has a mere 5.3 percent vacancy rate. Class B and C apartments have experienced more demand as people have countered the effects of the tough economy by choosing less expensive housing options.

The decrease in affordable rental housing puts Utah's low-income households at risk. Utah has approximately 163,000 low-income renter households (0 to 80 percent AMI) or one in four of all households. Last year, Utah's rental units averaged \$703 per month for a two-bedroom unit, compared with \$678 per two-bedroom unit in FY07. A family must earn \$2,344 monthly or \$28,128 annually to afford this level of rent and utilities, without paying more than 30 percent of their household's income. This level of income translates into a housing wage of \$13.52 per hour for a two-bedroom unit; however, the average renter only earns \$11.05 per hour.⁵ This results in low-income households migrating to older and less-functional Class C apartments that need repairs or updating and that are located in more economically depressed neighborhoods. With waiting lists of 1-3 years for affordable units, the number of families entering Utah homeless shelters has more than doubled.

Communities are also affected. The inavailability of rental housing is now impairing local communities as businesses and government find it difficult to hire and retain a workforce. The Utah League of Cities and Towns has identified the need for workforce housing as a priority for 2008.

Utah's cumulative need in affordable rental units alone has been estimated at 51,000 units, or an annual gap of 8,855 affordable units (populations earning less than 50 percent AMI).⁶ Utah's housing trust fund, the Olene Walker Housing Loan Funds (OWHLF), and low income housing tax credits cannot fill this gap.⁷ In these perilous economic times, more funding is needed to meet the rental housing needs of Utah's low-income populations.

Provide summary needs data identifying the geographic areas of greatest need in the grantee's jurisdiction.

Summary

Although the foreclosure crisis is felt statewide, the crisis is more pronounced in five of the most populous counties: Salt Lake, Weber, Washington, Davis and Utah. The

⁵ National Low Income Housing Coalition, Washington, D.C. per www.nlihc.org/oor/oor2008/data_cfm?getstate=on&getnonmetro=on&state=Ut

⁶ "Out of Reach 2006" published by the National Low Income Housing Coalition, Washington D.C.

⁷ The gap is estimated based upon low income (0 to 50% AMI) households' demand for new units (an estimated 1% increase per year or 2,958 units) plus all units needing rehabilitation each year (an estimated 5% of all existing units or 6,786 units per year) less the 889 units (0-50% AMI) receiving funds from OWHLF for a total of 8,855 units needed each year. This does not consider the 570 units funded by Private Activity Bonds in FY08 which serves a population of 60-80% AMI. Much of the affordable housing in this country is funded through the sale of tax credits, and the biggest buyers of credits are financial institutions, which are still recovering from the mortgage crisis. Waning demand for the tax credits has driven down the price, leaving projects with large funding gaps.

foreclosure crisis has added to the already unmet demand for affordable housing units estimated at 51,000 units. HCD believes that the strategic allocation of NSP funds can help mitigate the effects of the foreclosure crisis within these counties while increasing the overall state capacity in affordable housing units.

Note: An NSP substantial amendment must include the needs of the entire jurisdiction(s) covered by the program; states must include the needs of communities receiving their own NSP allocation. To include the needs of an entitlement community, the State may either incorporate an entitlement jurisdiction's consolidated plan and NSP needs by reference and hyperlink on the Internet, or state the needs for that jurisdiction in the State's own plan. The lead entity for a joint program may likewise incorporate the consolidated plan and needs of other participating entitlement jurisdictions' consolidated plans by reference and hyperlink or state the needs for each jurisdiction in the lead entity's own plan.

HUD has developed a foreclosure and abandonment risk score to assist grantees in targeting the areas of greatest need within their jurisdictions. Grantees may wish to consult this data [LINK – to HUD USER data], in developing this section of the Substantial Amendment.

B. DISTRIBUTION AND USES OF FUNDS

Provide a narrative describing how the distribution and uses of the grantee's NSP funds will meet the requirements of Section 2301(c)(2) of HERA that funds be distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a subprime mortgage related loan, and identified by the grantee as likely to face a significant rise in the rate of home foreclosures. **Note:** The grantee's narrative must address these three stipulated need categories in the NSP statute, but the grantee may also consider other need categories.

Response:

Although Utah has not been impacted by the foreclosure crises to the extent seen in most of the country, we do expect the mortgage crisis to escalate. To date much of the foreclosure activity has been in the higher income range of homes. This provides Utah the opportunity to use the NSP funds strategically, to stabilize neighborhoods by addressing issues such as the availability and affordability of basic housing.

A certified public managers (CPM) team was chartered to collect and study the data on the foreclosure problem state wide. A brief summary of the data is attached as Exhibit I. The majority of foreclosed property is in Salt Lake County, followed by Utah, Washington, Weber and Davis Counties.

Utah plans to use 10% for administration of the NSP funds. The state may contract on a limited basis with a third party to administer a portion of this funding but the majority of the administration will be handled by state staff.

Our objective is to use the limited NSP funding as directed by congress through HUD to address the areas of greatest need; therefore, most of the funding will be used in Salt Lake County with smaller amounts for other counties. Data on foreclosed property is currently not available below the county level.

The state is taking a long term strategic view of neighborhood stabilization. The intent is to leverage this money to the greatest extent possible by working with our local partners to provide long term solutions for affordable housing and neighborhood stabilization. Per the regulations, funds will only be available to assist those at less than 120% area medium income. At a minimum, 25% of NSP funds will be dedicated to individuals making less than 50% of the area medium income (AMI).

Section G describes the eligible activities that will be pursued and the amount of funds that will be applied to each activity. Due to the short time allowed in writing this plan specific projects have yet to be selected. HCD will determine specific projects to be funded and will identify those projects in the annual consolidated plan.

Emphasis will be on stabilizing neighborhoods that have been most affected by the foreclosure crisis. The majority of funding will focus on land banks/trusts and on redevelopment. A portion of NSP funds will be used to revitalize foreclosed properties and make them available to families including homeless families. It is the State of Utah's goal to provide safe, affordable housing and improve the quality of life for low-to-moderate income persons and families.

C. DEFINITIONS AND DESCRIPTIONS

(1) Definition of "blighted structure" in context of state or local law.

Response: *Slum and Blight Area: An activity will be considered to address prevention or elimination of slums or blight in an area if:*

The area delineated by the recipient meets a definition of a slum, blighted, deteriorated or deteriorating area under State of local law. Utah Code Annotated 1953, 17B-4-604, states that areas selected must be characterized by buildings or structures considered unsafe or unfit to occupy, or are conducive to ill health, transmission of disease, infant mortality, juvenile delinquency and crime because of any three or more of the following factors, which the applicant must demonstrate to be the case:

- (a) defective character of physical construction;*
- (b) high density of population and overcrowding;*
- (c) inadequate ventilation, light, or spacing between buildings;*

- (d) mixed character and shifting of uses, resulting in obsolescence, deterioration, or dilapidation;
- (e) economic deterioration or continued disuse;
- (f) lots of irregular shape or inadequate size for proper usefulness and development, or laying out of lots in disregard of the contours and other physical characteristics of the ground and surrounding conditions;
- (g) inadequate sanitation or public facilities which may include streets, open spaces, and utilities;
- (h) areas that are subject to being submerged by water; and
- (i) existence of any hazardous or solid waste, defined as any substance defined, regulated, or listed as a hazardous substance, hazardous material, hazardous waste, toxic waste, pollutant, contaminant, or toxic substance, or identified as hazardous to human health or the environment under state or federal law or regulation.

Spot basis: Acquisition, clearance, relocation, historic preservation and building rehabilitation activities which eliminate specific conditions of blight or physical decay on a spot basis not located in a slum or blighted area will meet this objective. Under this criterion, rehabilitation is limited to the extent necessary to eliminate specific conditions detrimental to public health and safety. To be considered to be detrimental to public health and safety, a condition must pose a threat to the public in general.

(2) Definition of “affordable rents.” **Note:** Grantees may use the definition they have adopted for their CDBG program but should review their existing definition to ensure compliance with NSP program –specific requirements such as continued affordability.

Affordable rents - the generally accepted affordability standard is that households pay no more than 30 percent of income for rent and utilities. For projects receiving HOME funds, rents cannot exceed the current HUD rent limits for the locality.

(3) Describe how the grantee will ensure continued affordability for NSP assisted housing.

Affordability will be maintained for the NSP-funded projects in accordance with HOME regulation at [24 CFR Part 92.254\(a\)\(5\)](#) which states, "to ensure affordability, the participating jurisdiction must impose either resale or recapture requirements, at its option." Participating Jurisdiction (PJ's) must choose one option or the other for each unit assisted. Accordingly, DHCD has chosen the recapture option based upon HUD HOMEfires - Vol. 5 No. 5, November, 2003 which states:

*The **recapture option** for HOME-assisted homebuyer units is described at [24 CFR 92.254\(a\)\(5\)\(ii\)](#). Under the recapture option, the PJ recovers all or a portion of the HOME assistance to the homebuyers, if the housing does not continue to be the principal residence of the qualified low-income family that purchased the unit for the duration of the period of affordability.*

A PJ may adopt any one of four options in designing its recapture provisions. First, a PJ can recapture the entire amount of the HOME investment from the homebuyer upon sale of the property during the period of affordability. A PJ can also elect to reduce the amount to be repaid on a pro-rata basis according to the time the homebuyer has owned and occupied the housing measured against the required affordability period. Another option is for the PJ and the homebuyer to share the net proceeds based upon the ratio of the HOME subsidy to the sum of the homebuyer's investment plus the HOME subsidy. Finally, the PJ may allow the homebuyer to recover his or her entire investment before any of the HOME investment is repaid to the PJ from the remaining net proceeds. In addition to these recapture options, the PJ may adopt, modify or develop its own recapture requirements for HUD approval. (Note: PJs concerned about the possibility of repaying funds in case of foreclosure may wish to consider adopting recapture provisions that base the recapture amount on the net proceeds available from the sale rather than the entire amount of the HOME investment. More guidance is provided on this subject in the recent HOMEfires - [Vol. 5 No. 2](#), June, 2003.)

- (4) Describe housing rehabilitation standards that will apply to NSP assisted activities.

*The Division of Housing and Community Development will inspect all NSP-funded projects and assess the adherence to rehabilitation standards using the same schedule and checklists as the HOME-funded programs. The HOME final rule (92.251(a)(1)) requires that every unit being rehabilitated with HOME funds meet one of the following **rehabilitation standards**: local housing code; or the articles on property or sanitary standards in one of three model codes (Uniform Building Code (ICBO), the National Building Code (BOCA), or the Council of American Building Officials (CABO) one or two family code; or the Minimum Property Standards (MPS) in 24 CFR 200.925 or 200.926.*

D. LOW INCOME TARGETING

Identify the estimated amount of funds appropriated or otherwise made available under the NSP to be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50 percent of area median income.

Note: At least 25% of funds must be used for housing individuals and families whose incomes do not exceed 50 percent of area median income.

Response: At least \$5,000,000 (more than 25%) will be spent on activities that benefit those with incomes at or below 50% of the area median income.

E. ACQUISITIONS & RELOCATION

Indicate whether grantee intends to demolish or convert any low- and moderate-income dwelling units (i.e., $\leq 80\%$ of area median income).

If so, include:

- The number of low- and moderate-income dwelling units—i.e., $\leq 80\%$ of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.
- The number of NSP affordable housing units made available to low-, moderate-, and middle-income households—i.e., $\leq 120\%$ of area median income—reasonably expected to be produced by activity and income level as provided for in DRGR, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion).
- The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income.

Response: The state does not intend to use NSP funds to demolish or convert low income dwelling units.

F. PUBLIC COMMENT

Provide a summary of public comments received to the proposed NSP Substantial Amendment.

Response: The Utah Division of Housing and Community Development held a public hearing on October 29th to solicit public input on how the NSP funding should be spent in Utah. The hearing was advertised in the State's major newspapers, on the state website, direct e-mail and word of mouth. Over 100 people were in attendance. Division Director Gordon D. Walker explained the parameters of the program and opened up the hearing for public comment. Fifteen people addressed the group petitioning for a share of the funding. There were representatives from all areas of the state including municipalities as well as non-profit organizations. The minutes of the meeting can be found attached in Exhibit II.

G-1. NSP Information by Activity

- (1) Activity Name: **Purchase and rehabilitate** homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties per NSP eligible activity B.
- (2) Activity Type: Correlated Eligible Activities from the CDBG Entitlement Regulations - 24 CFR 570.201 (A) Acquisition, (b) Disposition, (n) Direct Homeownership Assistance (as modified below);

- *570.202 eligible rehabilitation and preservation activities for homes and other residential properties.*
- (3) National Objective: Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice – i.e. <120% of area median income. *All projects will benefit low, moderate and middle income persons below 120% AMI. This will be added as a specific objective in Table 2-c of the State of Utah's 2009 Consolidated Plan Update and Action Plan.*
- (4) Projected Start Date: *March 1, 2009*
- (5) Projected End Date: *Continued acquisition/reconstruction/rent/lease to own through July 2013.*
- (6) Responsible Organization: Describe the responsible organization that will implement the NSP activity, including its name, location and administrator contact information. *The State of Utah, Department of Community and Culture, Division of Housing and Community Development, located at 324 South State, Suite 500, Salt Lake City, Utah 84111. Administrator: Keith Heaton, 801-538-8732, kheaton@utah.gov. Partners, including for profit and non-profit housing agencies, will work with Division of Housing and Community Development to purchase homes, rehabilitate, select tenants, provide property management, etc. The title of the property will be dedicated to the Partners and the State will be a lien holder. A Memorandum of Understanding will be negotiated with appropriate partners.*
- (7) Location: Description may include specific addresses, blocks or neighborhoods to the extent known. *The state will target limited funding to the area of greatest need within the parameters of the program.*
- (8) Activity Description: Include a narrative describing the area of greatest need that the activity addresses: the expected benefit to income-qualified persons: and whether funds used for this activity will be used to meet the low income housing requirement for those below 120% of area median income.
- a. The state intends to develop a program that provides permanent housing for people that fall below the 120% average medium income level.*
- a. *Planned Activities:*
- i. *Identify potential sites;*
 - ii. *Negotiate for purchase of property below market value at least 5% with and average of 15%.*
 - iii. *Purchase single-family homes in locations that can best serve the needs of low income families, i.e., close to public transportation corridors, health services, shopping options, food pantries, work opportunities and that contribute to neighborhood stabilization.*

- iv. *Rent/lease/sell to families including homeless families that fall below the 120% average median income.*

For housing related activities, include:

- Tenure of beneficiaries: *Permanent*
- Duration or term of assistance: *Income-eligible households may rent or purchase the units after completing homebuyer counseling and after securing private sector fixed rate mortgages. Proceeds from the sale of units will be considered program income and can revolve for the purchase of other units. Thereafter, proceeds shall be used for other NSP-eligible activities including redevelopment under eligible use E.*
- A description of how the design of the activity will ensure continued affordability: *Rent or mortgage will not exceed 30% of the family's adjusted gross income. In addition, the Division of Housing and Community Development has adopted HUD's recapture provisions for properties assisted.*

For acquisition activities, include:

- Discount rate: *5% minimum and an average of at least 15% depending on negotiations. The lower the AMI target the higher discount rate requested.*

For financing activities, include: *NA*

Total Budget: Include public and private components: *The initial budget is set at \$3 million in NSP funds. Effort will be made to leverage wherever possible with other sources including individual development accounts (IDAs), local government community development funds, neighborhood initiatives, and local lending institutions. HCD currently has excellent relationships with partners in government, non-profit and private sectors to leverage available funds at a high level. For example, for single-family projects, our housing loan fund leveraged \$3.24 for every \$1.00 they invested in FY2008.*

Performance Measures e.g., units of housing for the income levels of households that are below 120% of area median income. *The goal is to rehabilitate and make available approximately 15-25 homes with the initial \$3 million and purchase additional units from program income as the units are sold.*

G-2 NSP Information by Activity

- (1) Activity Name: *Establish **land banks/trusts** for properties per NSP eligible activity C.*

- (2) Activity Type: Correlated Eligible Activities from the CDBG Entitlement Regulations - 24 CFR 570.201 (A) Acquisition, (b) Disposition.
- (3) National Objective: Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice – i.e. <120% of area median income. *No project will include participants making more than 120% of area's median income. This activity will be added as a specific objective in Tables 2-c to the State of Utah's 2009 Consolidated Plan Update and Action Plan.*
- (4) Projected Start Date: December 1, 2008
- (5) Projected End Date: Continued acquisition/rent/lease to own through July 2018.
- (6) Responsible Organization: Describe the responsible organization that will implement the NSP activity, including its name, location and administrator contact information. *The State of Utah, Department of Community and Culture, Division of Housing and Community Development, located at 324 South State, Suite 500, Salt Lake City, Utah 84111. Administrator: Keith Heaton, 801-538-8732, kheaton@utah.gov. Partners, including for profit and non-profit housing agencies, will work with Division of Housing and Community Development to purchase land for future development. The title of the property will be dedicated to the Partners and the State will be a lien holder. A Memorandum of Understanding will be negotiated with appropriate partners.*
- (7) Location: Description may include specific addresses, blocks or neighborhoods to the extent known. *The majority of need exists in Salt Lake metro area, Provo, Ogden, Layton-Clearfield area, St. George and surrounding communities. These individual jurisdictions have indicated certain redevelopment and stabilization areas as possible vacant land or demolished property sites.*
- (8) Activity Description: Include a narrative describing the area of greatest need that the activity addresses: the expected benefit to income-qualified persons: and whether funds used for this activity will be used to meet the low income housing requirement for those below 120% of area median income.
- a. *The state will target limited funding the area of greatest need within the parameters of the program.*
- b. *Planned activities:*
- i. *Identify potential sites;*
 - ii. *Negotiate for purchase of property below market value by 15%*

- iii. *Purchase property in locations that can best serve needs of low income individuals, i.e., close to public transportation corridors, health services, shopping options, food pantries, work opportunities and that contribute to neighborhood stabilization;*
- iv. *Hold property until appropriate partners are identified.*
- v. *Work with developers to create housing opportunities using land to provide housing opportunities to individuals making below 120% of area median income;*
- vi. *Priority consideration will be given to land acquisitions that stabilize surrounding neighborhoods and that are sustainable.*

For housing related activities, include:

- *Tenure of beneficiaries: Unknown; however, owners/renters will be able to participate in NSP effort as long as income is less than 120% of average median income.*
- *Duration or term of assistance: Land acquired will be redeveloped within the 10-year requirement.*
- *A description of how the design of the activity will ensure continued affordability: Rent or mortgage will not exceed 30% of the family's adjusted gross income.*

For acquisition activities, include:

- *Discount rate: At least 15% depending on negotiations. The lower the AMI target the higher the discount rate requested.*

For financing activities, include:

- *Range of interest rates: NA.*

Total Budget: *Include public and private components: The initial budget is set at \$9,640,000. Acquisitions will be grouped either geographically depending upon communities and neighborhood prioritized for long-term redevelopment. Effort will be made to leverage wherever possible for land purchase and long-term development. Development projects may rely on NSP funds, Olene Walker Housing Loan Fund, LIHTC program, Community Reinvestment Act funds from financial partners, private activity bonds, etc. HCD currently has excellent relationships with partners in governmental, non-profit and private sectors to leverage available funds at a high level. For example, for single-family projects, our housing loan fund leverage \$3.24 for every \$1.00 they invested in FY2008.*

Performance Measures *e.g., units of housing for the income levels of households that are below 120% of area median income. Properties will not be land banked for more than 10 years. The goal is to set up long term land trust properties to provide affordable housing indefinitely. Outcome will be measured by number of low-income housing projects created.*

G-3 NSP Information by Activity:

- (1) Activity Name: **Redevelop** vacant or demolished properties per NSP eligible activity E to create housing for individuals below 120% area median income.
- (2) Activity Type: Correlated Eligible Activities from the CDBG Entitlement Regulations - 24 CFR 570.201 (A) Acquisition, (b) Disposition, (n) Direct Homeownership Assistance.
- (3) National Objective: Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice – i.e. <120% of area median income. *No project will include beneficiaries making more than 120% of area's median income. This activity will be added as a specific objective in Table 2-c to The State of Utah's 2009 Consolidated Plan Update and Action Plan.*
- (4) Projected Start Date: December 1, 2008
- (5) Projected End Date: Continued acquisition/construction/rent/lease to own through July 2013.
- (6) Responsible Organization: Describe the responsible organization that will implement the NSP activity, including its name, location and administrator contact information. *The State of Utah, Department of Community and Culture, Division of Housing and Community Development, located at 324 South State, Suite 500, Salt Lake City, Utah 84111. Administrator: Keith Heaton, 801-538-8732, kheaton@utah.gov. Partners, including for profit and non-profit housing agencies, will work with Division of Housing and Community Development to purchase land, redevelop and construct facilities, select tenants, provide property management, etc. The title of the property will be dedicated to the Partners and the State will be a lien holder. A Memorandum of Understanding will be negotiated with appropriate partners.*
- (7) Location: Description may include specific addresses, blocks or neighborhoods to the extent known. *The majority of need is in Salt Lake City metro area, Provo, Ogden, Layton-Clearfield area, and St. George area. These individual jurisdictions have indicated certain redevelopment and stabilization areas as possible sites.*
- (8) Activity Description: Include a narrative describing the area of greatest need that the activity addresses: the expected benefit to income-qualified persons: and whether funds used for this activity will be used to meet the low income housing requirement for those below 120% of area median income..

- a. *Need exists in Salt Lake Metro area, Provo, Ogden, Layton-Clearfield area and St. George area.*
- b. *Activities:*
- vii. *Identify potential sites using Utah Bankers Association, Multiple Listing Service, local governments and housing authorities;*
 - viii. *Negotiate for purchase of property below market value at least 5% with and average of 15%.*
 - ix. *Purchase property in locations that can best serve needs of low income individuals, i.e., close to public transportation corridors, health services, shopping options, food pantries, work opportunities and that contribute to neighborhood stabilization*
 - x. *Redevelop with multifamily housing units including permanent supportive housing units.*
 - xi. *Rent to tenants below the 120% average median income.*
 - xii. *Priority consideration given to land acquisitions and redevelopments that stabilize surrounding neighborhood and that are sustainable.*

For housing related activities, include:

- *Tenure of beneficiaries: Unknown; however, owners or renters will be able to participate in NSP effort as long as income is less than 120% of average median income.*
- *Duration or term of assistance: Loan terms will depend on individual project economics.*
- *A description of how the design of the activity will ensure continued affordability: Rent or mortgage will not exceed 30% of the family's adjusted gross income.*

For acquisition activities, include:

- *Discount rate: 5% minimum and an average of at least 15% depending on negotiations. The lower the AMI target the higher discount rate requested.*

For financing activities, include:

- *Range of interest rates: 0% – 3% depending on targeted AMI of project.*

Total Budget: *Include public and private components: The initial budget is set at \$5 million. Projects will be grouped either geographically or by lender, depending on negotiations. Efforts will be made to leverage wherever possible with various public and private organizations including housing authorities, Utah Housing Corporation, cities and counties, developers, financial institutions, etc.*

Performance Measures e.g., units of housing for the income levels of households that are below 50% of area median income. *With leveraging, the goal is to make available at least 250 multi-family units.*

CERTIFICATIONS

- (1) **Affirmatively furthering fair housing.** The jurisdiction will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.
- (2) **Anti-lobbying.** The jurisdiction will comply with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.
- (3) **Authority of Jurisdiction.** The jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.
- (4) **Consistency with Plan.** The housing activities to be undertaken with NSP funds are consistent with its consolidated plan, which means that NSP funds will be used to meet the congressionally identified needs of abandoned and foreclosed homes in the targeted area set forth in the grantee's substantial amendment.
- (5) **Acquisition and relocation.** The jurisdiction will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the Notice for the NSP program published by HUD.
- (6) **Section 3.** The jurisdiction will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.
- (7) **Citizen Participation.** The jurisdiction is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105 or 91.115, as modified by NSP requirements.
- (8) **Following Plan.** The jurisdiction is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD.
- (9) **Use of funds in 18 months.** The jurisdiction will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008 by using, as defined in the NSP Notice, all of its grant funds within 18 months of receipt of the grant.

(10) **Use NSP funds ≤ 120 of AMI.** The jurisdiction will comply with the requirement that all of the NSP funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120 percent of area median income.

(11) **Assessments.** The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

(12) **Excessive Force.** The jurisdiction certifies that it has adopted and is enforcing: (1) a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and (2) a policy of enforcing applicable State and local laws against physically barring entrance to or exit from, a facility or location that is the subject of such non-violent civil rights demonstrations within its jurisdiction.

(13) **Compliance with anti-discrimination laws.** The NSP grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

(14) **Compliance with lead-based paint procedures.** The activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

(15) **Compliance with laws.** The jurisdiction will comply with applicable laws.

Signature/Authorized Official

Date

Title

DRAFT

Exhibit I
Summary of Foreclosures and Delinquencies as of 10-1-08
State of Utah

Rank	County	Number of Foreclosure	Number(1) Subprime Mortgages	# Bank Owned Mortgages	# Mortgages Delinquency	Number of Vacant Addresses	Relative Foreclosure	Relative Subprimes	Relative Defaults	Relative Delinquency	Relative Vacancy
	Weight	5.91	4.06	2.48	1.59	1	5.91	4.06	2.48		1
1	Salt Lake	3,827	10,159	3,039	2,192	15,847	1	1	1	1	1
2	Utah	1,659	3,468	1,124	766	4,378	2	2	3	2	6
3	Washington	1,453	1,148	1,276	601	6,539	3	5	2	3	3
4	Weber	900	2,394	998	6	4,980	4	3	4	5	4
5	Davis	759	2,289	696	5	2,913	5	4	5	6	11
6	Tooele	141	609	128	-	1,135	6	6	6	20	25
7	Summit	129	276	124	-	14,314	7	10	7	20	2
8	Wasatch	114	218	100	1	3,642	8	12	8	8.5	7
9	Box Elder	73	325	63	1	1,065	9	9	10	8.5	26
10	Iron	72	336	67	7	2,991	10	8	9	4	10
11	Uintah	19	244	13	4	1,706	11	11	11	7	18
12	Sevier	12	143	12	-	1,870	12	15	12	20	17
13	Cache	5	504	5	-	1,492	13	7	13	20	19
14	Duchesne	1	113	-	-	4,858	15	16	20	20	5
15	Millard	1	81	1	-	1,364	15	18	14	20	21
16	Carbon	1	73	-	-	2,656	15	19	20	20	14
17	Sanpete	-	182	-	-	2,664	23	13	20	20	13
18	Emery	-	164	-	-	1,250	23	14	20	20	24
19	Juab	-	99	-	-	708	23	17	20	20	28
20	Kane	-	36	-	-	3,060	23	23	20	20	9
21	Beaver	-	67	-	-	1,356	23	20	20	20	22
22	Morgan	-	37	-	-	2,122	23	22	20	20	16
23	Grand	-	43	-	-	1,256	23	21	20	20	23
24	San Juan	-	28	-	-	2,720	23	24	20	20	12
25	Garfield	-	21	-	-	2,382	23	25	20	20	15
26	Rich	-	-	-	-	3,526	23	28	20	20	8
27	Daggett	-	-	-	-	1,488	23	28	20	20	20
28	Piute	-	7	-	-	472	23	26	20	20	29
29	Wayne	-	-	-	-	878	23	28	20	20	27
	TOTAL	9,166		7,646	3,583	95,632					

(1) Effective April 1, 2008

Sources: Federal Reserve, Foreclosures.Com, Realty Tract.Com, Federal Financial Institution Examination Council

EXHIBIT II
Minutes from Neighborhood Stabilization Public Hearing
October 29, 2008

Start: 9:00 a.m.

Introductions

\$19.6 million for the Neighborhood Stabilization Program being brought through the CDBG program through the state.

A brief summary handout of the rules and regulations was provided at registration.

Funds need to be issued within 18 months. State of Utah has a short time frame to plan for these funds. A 15 day public comment is required. The plan will be posted no later than November 15.

Rules Overview

Five minutes for comments.

Heather Hoyt, Uintah County and Uintah Basin Assistance Council Housing Authority

There is a housing crisis in the Basin. Very difficult for people to find affordable housing. This money to pick up some housing stock. Housing counselor matching people with affordable housing. Land has been purchased to start affordable housing projects but two years before these start. Barely starting to see foreclosures.

Darin Brush, Executive Director of CDC Community Development Corporation of Utah

94 foreclosed homes have been rehab'd and sold. CDC serves the entire state. Uniquely positioned to assist the state with using this money. Three recommendations 1) Work with the state to be successful 2) Working with Salt Lake County 3) Kathleen Cooper with Myton City. CDC has won a competitive grant from HUD, quarter of a million to invest in Myton. Cooper has asked an additional \$100K to invest along with the grant monies.

Randy Jepperson, Salt Lake County

Handouts, summary of projects.

Recent study by the mortgage association. 84118 (Kearns) having the highest default rate. Currently working in Kearns and Magna buying up foreclosed homes. Have taken a different approach, CDC, RMP, Thermwise, the Idea house a different approach to rehabilitating houses. Met with the jurisdiction across the Wasatch front. The Webster's School Cottage development project (handout).

Heidi Miller, Cedar City Housing Authority

Monies given in smaller portions can make a big difference in the rural communities.

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Scott Harmon, Utah Housing Corporation, Housing Development Dept

Crown, Echo, Reach programs, which provides affordable housing in Utah.

Wayne Pyle, City Manager, WVC

Partnered with the state on a number of projects. They feel a lot of the progress accomplished is being threatened. WVC is in great need.

Claire Gillmor, WVC, organizational capacity and demonstrated ability to turn these funds around in 18 months or less. Highest percentage of families in below to moderate income range. Three years ago, WVC started pulling funds together and coordinating resources for their community preservation committee. There's a history of demonstrated progress from the Harvey Street and Arlington Park projects. 50% of all foreclosures with less than \$200k are in WVC.

Luann Clark, Director of Housing & Neighborhood Development for Salt Lake City

Goal is to rehab 110 homes, which they have reached every year. Most homes are west of I-15, 745 homes in SLC in stages of foreclosures. 95 are currently in foreclosures. 75% of sub prime mortgages will reset within 12-18 months. The NSP money will help to get ahead.

Arati Raghavan, SITLA/Big Water

City of Big Water in Southern Utah, Kane County. Great number of abandoned homes in this area. It is within the income range to qualify. 33% of homes currently have mortgages that are significantly higher than statewide figures.

Rusaw, Community Action Provo

Wants to create traditional and affordable housing. Money aside for housing counseling agencies for homeownership counseling and mitigation.

Gay Jamieson, CDBG Coordinator of Logan

City of Logan, prevention of foreclosures. Stabilization of homes in older neighborhoods in the heart of the city.

Paul Glauser, Provo City Re-development Agency

Handout memo. Stabilizing homes hit by foreclosure. Help neighborhoods where property values on non foreclosed properties that may have properties foreclosing. NSP money allow to stabilize neighborhoods and to purchase, rehab and resale of properties. Propose partnerships with the larger cities whom have experience expending CDBG funds.

Michelle Flynn, Road Home

Increase in homelessness result from foreclosures. 100% increase in homelessness at the Road Home. Purchase some abandoned and foreclosed properties and partner with non profits to provide affordable housing. This will prevent from building a bigger shelter.

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Cindy Bilskie, BRAG

Housing authority and staff the homelessness council. Working on transitional housing projects and programs. Experiencing foreclosures with recent lay-offs and more lay-offs to come. Please consider Northern Utah.

Richard Walker, Representing Rural Communities

Creating a rural set aside, to keep them competitive in this process to enable them to do priority projects.

Concerned areas are Ashley Valley, Uintah County, City of Moab, City of Logan

Reward communities that have shown a level of commitment

Maturity of projects take into consideration.

City of South Salt Lake, significant amount of smaller homes planned for rehabilitation.

Seth Butterfield, Exec. Affordable Landing Homes Incorp.

Secure a lot and build a house, sell the house and lease the land. Once it is resold it needs to go to another low income family. Provides financial education to the homeowner. Landscape every home. Target subdivisions that build in the \$200K range.